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C O R R E C T E D COPY CAPTION
STATE PASS USTR FOR KKALUTKIEWICZ AND WLINDQUIST
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TAGS: [ECON](#) [KIPR](#) [TRGY](#) [DEA](#) [CI](#) [BL](#)

SUBJECT: Ambassador's Trip to Iquique: Positive Engagement on Drug Enforcement and Free Trade

REF: SANTIAGO 690

11. (U) SUMMARY: The Ambassador visited Chile's 1st region October 28-29 to meet local leaders and strengthen ties to an important economic area of the country. Iquique, a city in far northern Chile built on the once-booming nitrate industry, is now home to one of Chile's two free trade zones. In meetings with the Intendente, the President's representative in the region; Acting Mayor; and law enforcement officials, the Ambassador re-affirmed the United States' commitment to clean energy, drug enforcement, and trade. The visit, which included meetings with American citizens, former U.S. grantees, and a speech on President Obama's energy policy at Universidad Arturo Prat, was covered widely by the local press. END SUMMARY.

12. (U) During meetings with Intendente Miguel Silva Rodriguez and Maria Angelica Vega, Municipal Secretary and Acting Mayor of Iquique, the Ambassador discussed law enforcement and energy issues. According to the Intendente, crime and drugs remain primary concerns, particularly trafficking in small amounts of drugs. He stated that enforcement measures are in place, including scanners that distinguish goods by color and surveillance aircraft equipped with night vision and movement detection devices. However, traffickers are able to smuggle goods through more than 200 illegal crossings along the border with Peru and Bolivia. The Intendente informed the Ambassador that Iquique is working to develop desalinization projects-the region is one of the driest in the world-but an affordable energy source is needed. While solar energy is attractive, it is still too expensive.

13. (SBU) Iquique's Free Trade Zone (ZOFRI, according to its initials in Spanish), Chile's largest, is a major economic center, home to more than 1,650 companies with an annual turnover of U.S. \$4.7 billion. The ZOFRI's strategic location makes it a key entry point for trade with Bolivia and Peru; the United States is the second largest supplier of goods to the zone after China. The Chairman of the ZOFRI Board met with the Ambassador and took him on a brief tour of the shopping area. During the meeting a ZOFRI official noted that 55% of ZOFRI sales are to Chile and 25% to Bolivia. Of the sales to Bolivia-totaling approximately \$900,000,000-more than half are paid for in bulk U.S. dollars, a potential money laundering concern according to DEA Attache.

14. (U) The Ambassador hosted a lunch meeting with Juan Hernandez Rivera, National Narcotics Chief of the Investigations Police (PDI); Lieutenant Coronel Marcelo Araya Zapata, Chief, North Zone Drug Control Section; Regional Prosecutor Claudio Roe; and Embassy

DEA Attache, during which the Ambassador discussed counternarcotics efforts in the region. In the past 18 months there has been a significant increase in the amount of cocaine seized along Chile's northern border with Bolivia. The planned construction in 2009-2010 of a super highway from the port of Santos in Brazil, through Bolivia to Iquique is expected to increase the number of tractor-trailers delivering large quantities of cocaine to maritime container shipments leaving Chile for Europe, Asia, Africa, the Middle East, and the U.S. As such, the Chile DEA Country Office has provided training and exchange programs for Chilean counterparts. The Ambassador's meeting with high level contacts over lunch reinforced the United States' continued support at all levels.

15. (U) The Ambassador conducted several outreach events during his Iquique visit, including a meeting with former U.S. grantees (including the Fulbright and International Visitor Leadership Programs), a breakfast with American citizens, and a presentation to a packed audience of students and faculty at the Universidad Arturo Prat, which was also attended by the media. The Ambassador spoke to the group about President Obama's energy and climate policy, a topic that generated a robust question and answer session at the conclusion of the presentation. Media coverage of the Ambassador's visit was broad and included interviews with local print and television outlets, as well as the local CNN Chile affiliate.

SIMONS